

CHAPTER X.

THE BANK OF RUSSIA.

Its Relation to the Government and its Modern Development—The Long Regime of Paper Money and the Efforts in 1817, 1839, *860, and 1881 to Bring it to an End—The Revision of the Charter in 1894—Final Success of Count Witte in 1897—The Question of the Rate of Conversion and the Gold Standard—How the Bank Went through the War with Japan—The Bank of Finland.

THE history of the Bank of Russia is of interest, because it is the most successful instance on a large scale of a bank of issue owned by the state and because it carried through in the closing decade of the nineteenth century the most serious operations ever undertaken in Europe for the restoration of stability of exchange upon a gold basis. Russia was for more than a century, with only brief interludes, under the regime of government paper money. The task of restoring sound conditions involved the solution of many monetary problems never before fully solved, and the accumulation of one of the three greatest stocks of gold in the world, the others being those of the Bank of France and the Treasury of the United States.¹ The solution of these problems fell to the lot of a succession of Ministers of Finance who rose to the level of their opportunities and obligations, and by their foresight and skill placed Russia upon the high-road to economic competition with the older and richer nations. Paper money was introduced into Russia as early as 1768, and was welcomed at first because of its greater convenience

¹ These funds stood, respectively, about September 1, 1908: Bank of Russia, 1541,300,000; Bank of France, \$620,800,000; United States Treasury, fr,021,000,000.